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REVERSION OF FOREST LAND FOR TAXES INCREASING IN THE SOUTH

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* - This series of publications releases data gathered in connection with investigations being carried on at the Southern Station. The information contained in them is subject to correction or amplification following further investigation. - Editor

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The reversion of land to public ownership on account of delinquent taxes, which began on a large scale in 1926 in most Southern States, still continues. During the depression years this reversion has reached phenomenal and alarming proportions. So far as present figures show the total is still rising, in spite of increased redemption at tax-forfeited land during the past few months.

Just how much of the area now reverted to public title is forest land, the available records do not indicate. Detailed field studies recently completed by the Southern Forest Experiment Station in Arkansas show that in four counties in different parts of the state, 72 percent of the reverted area is forest land. For the state as a whole, the percentage is estimated to be 67 percent. In Florida, it is estimated that at least 65 percent of the total reverted area is forest land. In Mississippi, this percentage of reverted land in forest is estimated at 60 percent; in Louisiana, 50 percent; in east Oklahoma, about 90 percent; and in east Texas, 75 percent. About 10 percent of the small reversion in Alabama is on forest land.

Applying these percentages to the total area known or estimated to be in public title in the latter part of 1933, gives the following figures for the acreage of reverted forest land in the Gulf States:

State	Total area reverted	Forest area reverted
Florida	11,800,000	7,670,000
Alabama	80,000	8,000
Mississippi	1,250,000	750,000
Louisiana	2,708,000	1,354,000
Arkansas	1,880,000	1,260,000
Oklahoma	600,000	540,000
Texas	920,000	690,000
TOTAL	19,238,000	12,272,000

For the seven states as a whole, forest land forms 64 percent of the total reverted area. While this figure of more than 12-1/4 million acres cannot be regarded as final and indisputable, in view of the lack of absolute data to support the estimates made, it must be within 90 percent of being correct. The total represents 8.5 percent of the gross forest area of the eight Gulf States (144,251,000 acres). It also represents an increase of 2,842,000 acres over the forest area in public title on January 1,1932, owing to the areas maturing in State or County title in 1932 and 1933.

Figures 1 and 2 show the trends in delinquency in the States of Mississippi, Louisiana, and Florida during the last few years. Figure 1 indicates clearly the effect of the present depression on tax-delinquency in Mississippi and Louisiana. The areas shown for each year are those now in State title, which were derived from the tax-sales of the indicated years of forfeiture. For example, the area shown for Mississippi in 1931 (670,000 acres) is that portion of the area sold for 1930 taxes in 1931, which, being unredeemed, matured to State title in 1933. Figure 2 shows the area sold for taxes at the tax-sales of Florida for the years of 1926-30, inclusive. This does not mean that the present reverted area in Florida is the sum of the areas thus shown, but merely that the areas shown were "sold" to the State, subject to redemption and resale. As of February 1, 1933, the State of Florida held tax certificates on 16,875,000 acres or on 50 percent of the taxable area of the state, of which about 11,800,000 were in full state title.

The effect of such wholesale reversion of forest and agricultural land is patent to anyone. Not only does it render the continued existence of local government precarious, but it also increases the tax burden on the land which is not delinquent. That this is no straw-man set-up to be knocked down can be shown by a study of tax rates levied over the past five years in the counties affected by such excessive delinquency. This increase in taxes is a well-known fact to many timberland owners in the South. In many cases, state and county general tax rates have not increased materially, but road, school, bond, improvement, and similar special district tax rates have in some cases increased over 100 percent in this period. For example, in Vernon Parish in west Louisiana in 1926, the total indicated parish-wide tax rate (total taxes divided by total valuation) was 35.7 mills per dollar. Of this total, the state tax was 5.75 mills and the parish general tax 4.0 mills, leaving 25.95 mills for special taxes. In the same parish in 1931, the indicated rate was 63.4 mills, with no change in the state and parish general taxes. Special taxes had increased from 25.95 mills to 53.65 mills, or 106.7 percent. The total tax per acre, assuming an average valuation of $3.00 for cut-over land, had increased from 10.7 cents to 19 cents per acre or 78 percent during this five-year period.

Figure 1

AREA NOW IN STATE TITLE DERIVED FROM TAX SALES OF INDICATED YEARS OF FORFEITURE

Mississippi and Louisiana

TOTAL REVERTED AREAS:

Miss. – 1,250,000 acres (1920–1931 incl.)

La. – 2,708,000 acres (1900–1931 incl.)

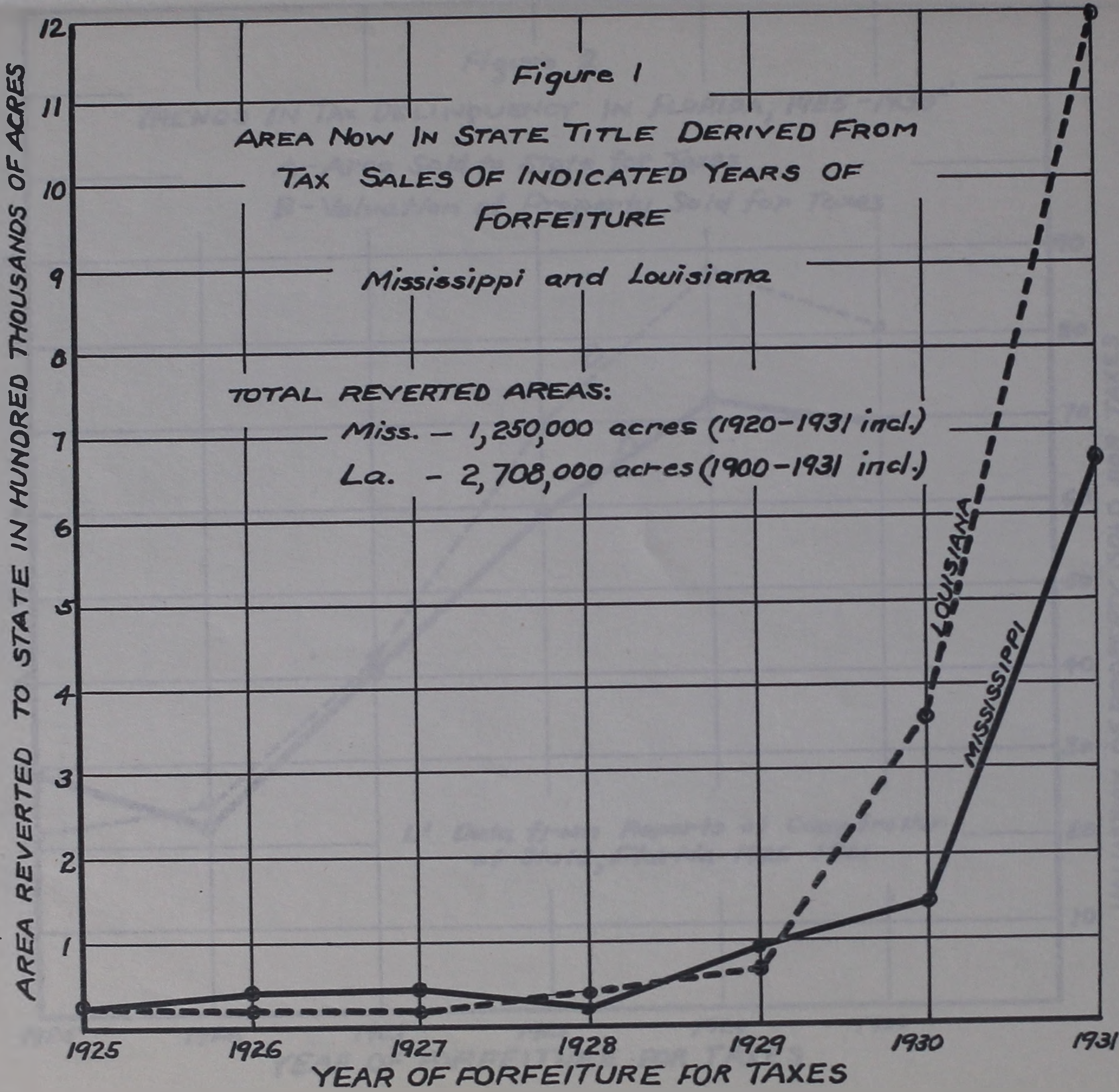
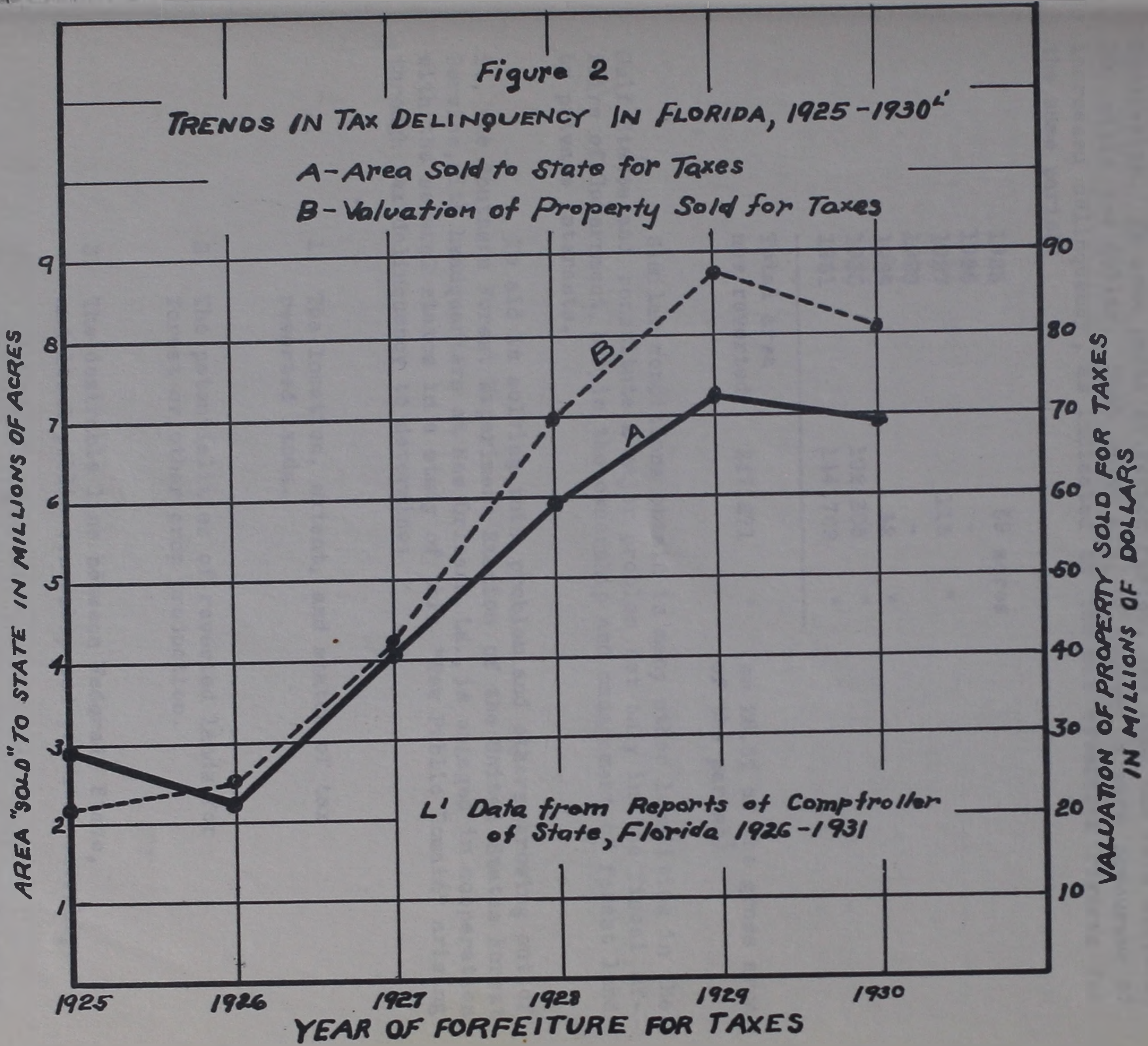


Figure 2

TRENDS IN TAX DELINQUENCY IN FLORIDA, 1925-1930[1]

A-Area Sold to State for Taxes

B-Valuation of Property Sold for Taxes



[1] Data from Reports of Comptroller of State, Florida 1926-1931

It is not the purpose of this paper to charge either State or local officials with this condition of affairs, nor are the timberland owners who control the bulk of the lands in this parish solely responsible. Both must share that responsibility. This is merely a statement of fact given in the official reports of the Louisiana State Tax Commission. In some parts of Vernon Parish, the 1932 tax rate exceeded 200 mills per dollar. Such rates are, of course, a sure precursor of increased delinquency, as indicated by the net reversion figures for the same parish:

1925	59	acres	
1926	-		
1927	113	"	
1928	-		
1929	32	"	
1930	102,305	"	
1931	144,762	"	
Total area now reverted	247,271	"	(or 28.3% of the gross area of the parish)

Similar conditions obtain in many other localities in the Gulf States and constitute a major problem not only in the fiscal affairs of Government, but in the ownership and management of forest land by private interests.

To aid in solving this problem and others growing out of it, the Southern Forest Experiment Station of the United States Forest Service, with headquarters at New Orleans, La., is engaged in cooperation with the several states in a study of this "New Public Domain" arising through tax-delinquency to determine:

1. The location, extent, and status of tax reverted lands.

2. The potentialities of reverted lands for forest or other crop production.

3. The desirable line between Federal, State, and local public ownership and private ownership.

The ultimate purpose is to work out and recommend practical measures for handling and using reverted lands.

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To date, field work in Arkansas has been completed, analyses of the data have been made and the final report is nearing completion. The first item listed above has been studied in Louisiana (through cooperation of the State University), in Mississippi, and to a limited extent in Georgia. Work in these states will be completed first and that in other states initiated at the earliest opportunity.

The problem of tax delinquency has reached alarming proportions in several Gulf States and unless solved by aggressive action on the part of public officials, tax-payers, and interested agencies it will threaten the economic stability not only of the lumber industry, farming, and manufacturing, but of local government itself. One factor in the growth of this phenomenon has been, and still is, the general apathy of public officials toward a solution, an apathy engendered in large measure by the laws and practices governing procedure in tax-delinquency. Many of these laws and practices are open invitations to use delinquency as a legal means of tax-evasion or reduction, while others are merely an extreme case of a laissez-faire policy of tax administration. Neither of those conditions can continue if the tax structure of state and local government is to continue to provide revenue. Another factor causing tax-forfeiture is the past misuse and over exploitation of natural resources, soil, timber, and minerals-- a misuse born in many cases of inequitable taxation. These two factors can and must be solved before future increases in the New Public Domain can be stopped.